
Focusing On Performance Management

Presentation to:
Council On Virginia's Future

Wayne Turnage, Deputy Chief of Staff
Ric Brown, Director, Department of Planning and Budget

October 30, 2006

Presentation Outline

- ☒ Existing Problems With Virginia's Performance System

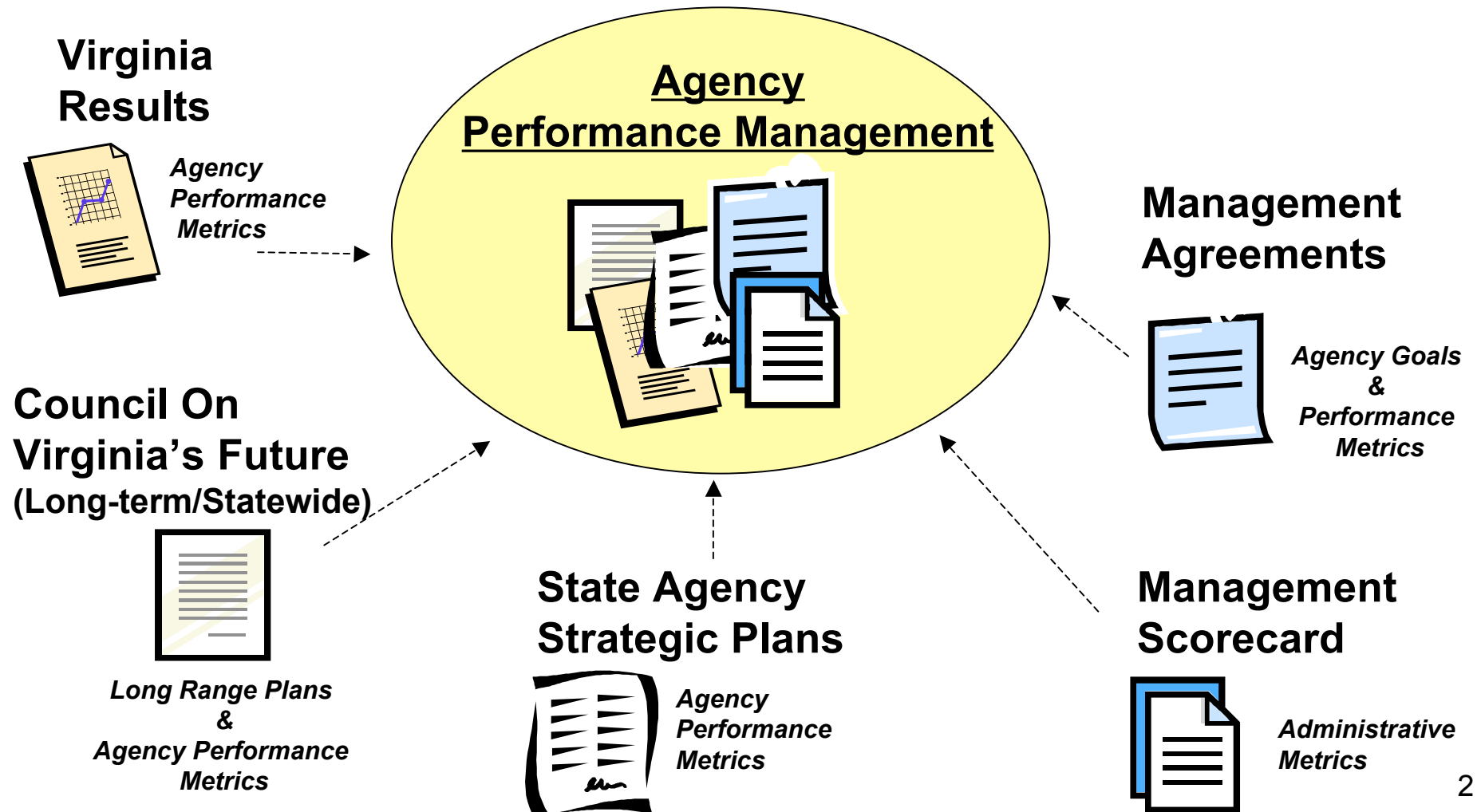
- ☐ Current Vision For Performance Management In Virginia

 - The Role of The Council On Virginia's Future*
 - Establishing Key Agency Metrics*

- ☐ Steps For Ensuring Success

- ☐ Strategic Planning and Performance-Based Budgeting

Prior to 2006 Virginia's Performance Management System Had Multiple Moving And Unconnected Pieces



The System Was Problematic On A Number Of Fronts

■ Problems with system included:

- Confusion around role of the Council
 - What is the relationship to executive branch agencies?
- No coordination of the multiple elements – “Silo Effect”
 - Redundancy
 - Confusion
 - Agency frustration
- Systematic problems with agency metrics
 - Too many

“If you have hundreds of measures you have none.” Governor Timothy Kaine

- Focused on process -- no bulls eye to hit
- Often unrelated to agency’s main mission

Governor Kaine's Direction To Staff

**“...Simplify The System And Focus It
On Performance Outcomes.”**

Presentation Outline

- ☐ Existing Problems With Virginia's Performance System
- ☒ **Current Vision For Performance Management In Virginia**
 - The Role of The Council On Virginia's Future*
 - Establishing Key Agency Metrics*
- ☐ Steps For Ensuring Success
- ☐ Strategic Planning and Performance-Based Budgeting

The Key Elements Of A Comprehensive Performance Management System

System Component	Purpose
Agency Strategic Plan	Provides description of where agency is going and how it plans to get there – major mission, goals, strategies, <i>performance metrics, baselines, and targets</i>
Key Outcome-Based Performance Metrics	Performance indicators that provide a basis for measuring the impact of services provided
Service Area Metrics	Performance indicators tied to each service area in the budget
Performance Baseline	Provides starting point for measuring performance against key metrics
Performance Target	Sets expectations for performance against key measures
Management Scorecard	Administrative criteria defining effective management of agencies

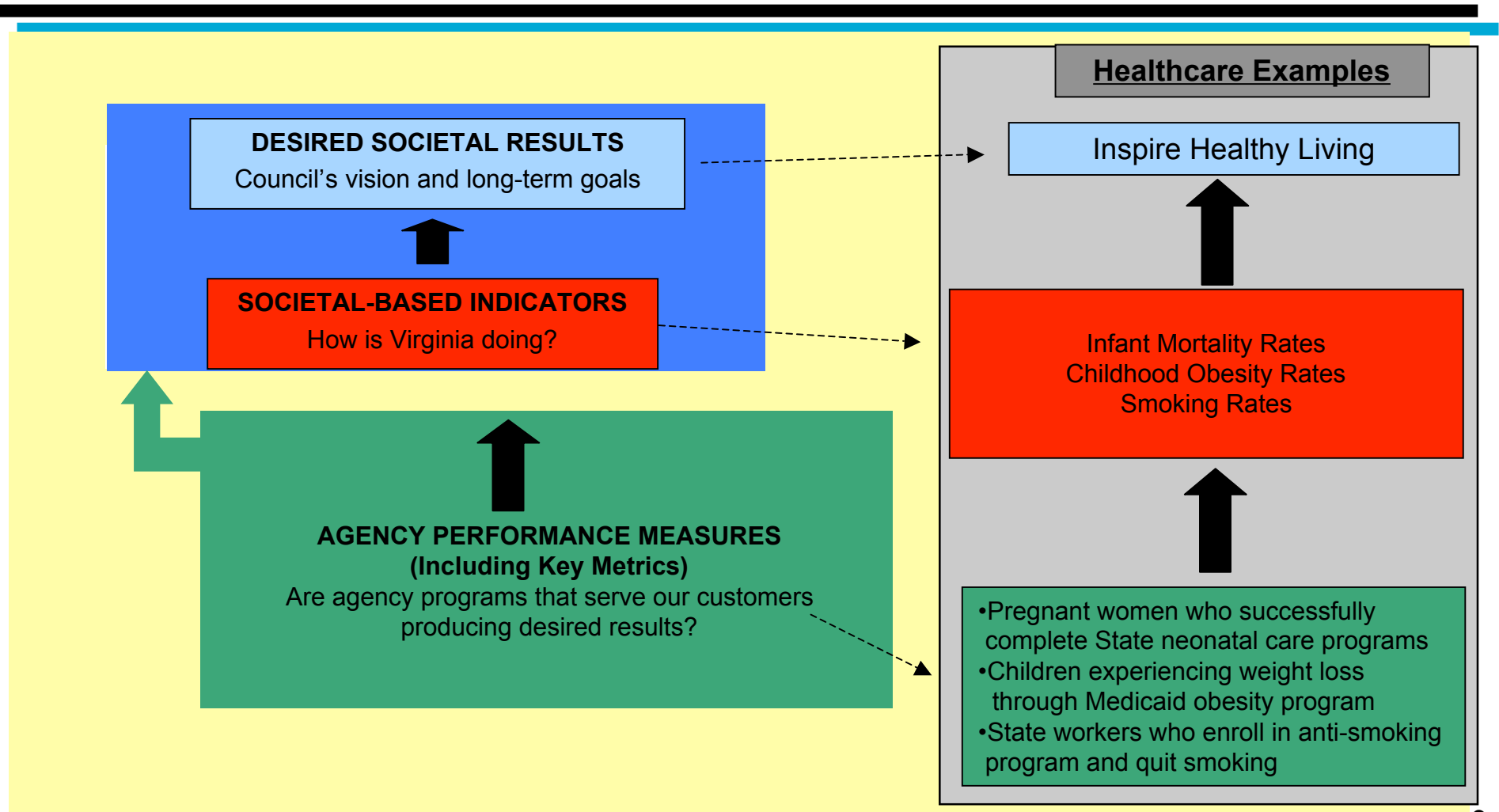
Governor Kaine Focused On Three Issues To Modify Virginia's Performance Management System

- ✍️ Clarify role of the Council On Virginia's Future and its relationship to state agencies
- ✍️ Establish linkages in Virginia's performance management system between the Council and executive branch agencies
- ✓✍️ Require a set of key agency metrics to drive the system

Step 1: Clarify And Strengthen Role Of Council On Virginia's Future

- Governor addressed problems by:
 - Embracing leadership role on Council
 - Working closely with staff to the Council
 - Distinguishing Council's long-term planning role from agency strategic planning and work on key measures
 - Publicly highlighting Council's work to agencies as a means of enhancing credibility

Step 2: Establish Linkages In Virginia's Performance Leadership System Between Council And Agencies

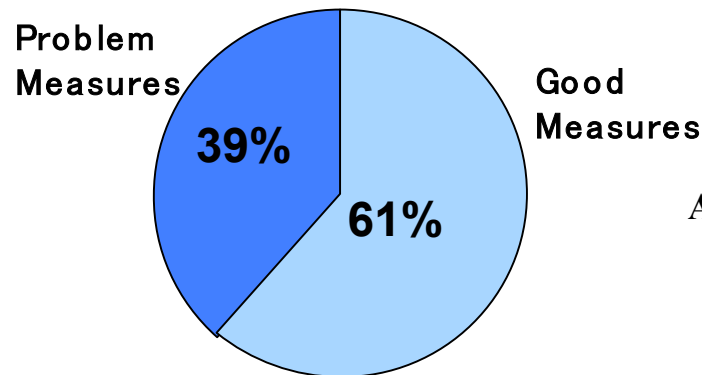


Step 3: Require A Set Of Key Agency Metrics To Support System

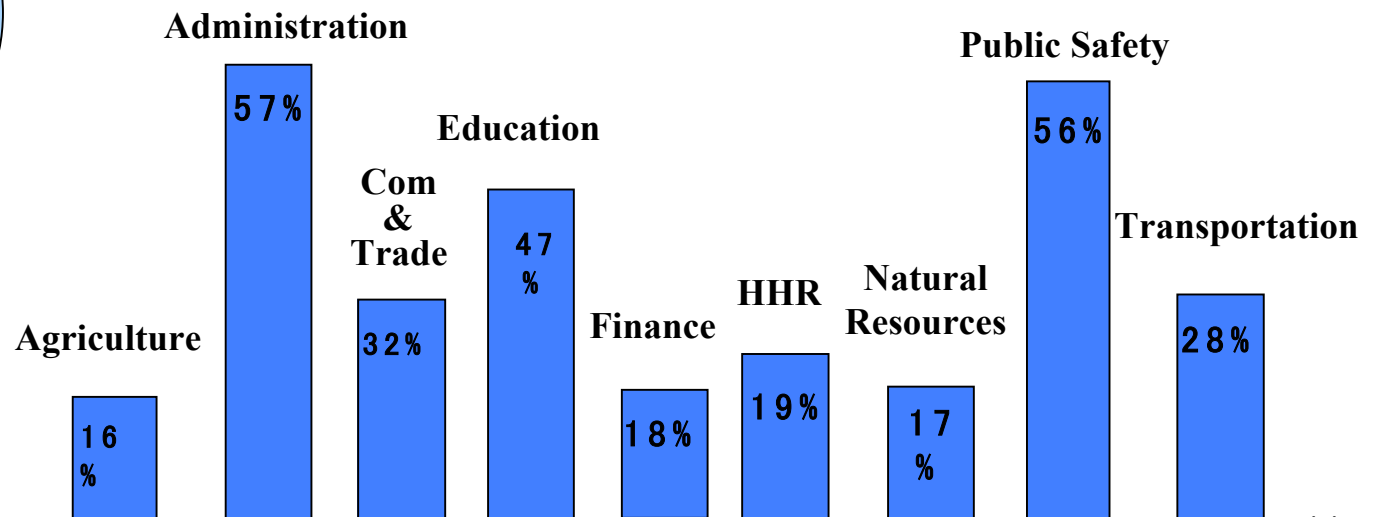
- Governor directed agencies to develop a set of key measures that:
 - Reflect primary mission – no more than two or three per agency
 - Are based on outputs and focused on results rather than process
 - Are measurable
 - Are embedded in a results accountability system – budget implications
- Accordingly, all agencies were asked to develop:
 - Key measures
 - Baselines for these measures
 - Targets to help evaluate and improve agency performance
- Governor has completed a review of all agencies' key outcome measures

Agencies' Initial Response To This Challenge Has Produced Encouraging Results But Shift To Solid Outcome-Based Metrics Remains A Work In Progress

Total Key Measures Statewide = 200



Magnitude of Problem Measures By Secretariat



Other Problems Found With Initial Agency Plans And Measures

- The agencies' first submissions also revealed problems with:
 - A lack of congruence between mission statements and goals
 - Inadequate baselines and performance targets
 - Inappropriate methods used to construct measures and targets
- \$64 million question:

Will the effort to establish a results-based performance management system under Governor Kaine experience an all too familiar fate in Virginia?

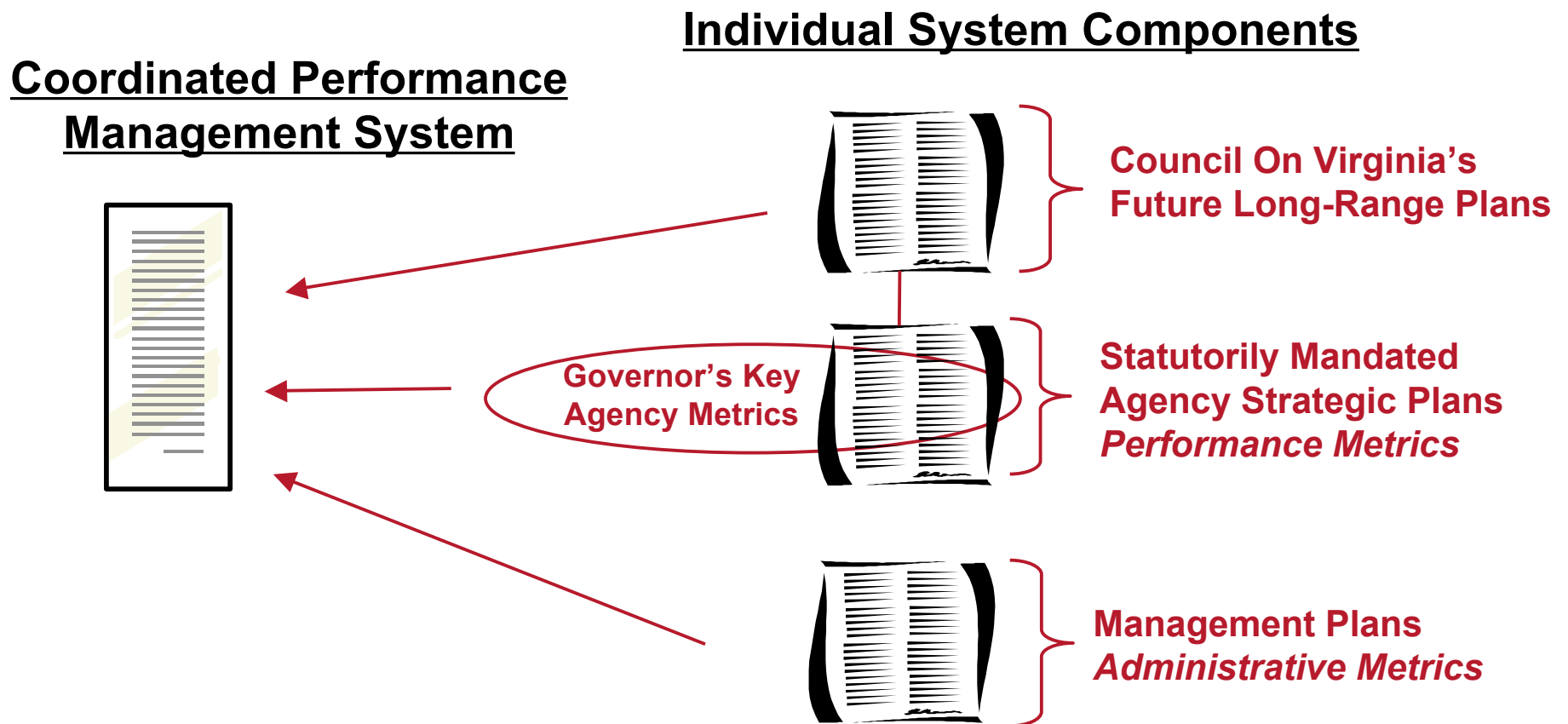
Presentation Outline

- ☐ Existing Problems With Virginia's Performance System
- ☐ Current Vision For Performance Management In Virginia
 - The Role of The Council On Virginia's Future*
 - Establishing Key Agency Metrics*
- ☒ **Steps For Ensuring Success**
- ☐ Strategic Planning and Performance-Based Budgeting

Governor Has Taken Several Steps To Ensure The Past Does Not Accurately Predict The Future

- The Governor has taken the following steps to ensure that performance management is successfully implemented in Virginia:
 1. Created an internal performance management team in the Governor's Office
 2. Solicited an external review of the existing system by known experts in the field
 3. Emphasized to agency heads that performance management is his number one priority
 - Met with every agency head to discuss importance
 - Personally reviewed and commented upon every key agency metric

Virginia's Envisioned Performance Management System Under Governor Kaine



Presentation Outline

- ☐ Existing Problems With Virginia's Performance System
- ☐ Current Vision For Performance Management In Virginia
 - The Role of The Council On Virginia's Future*
 - Establishing Key Agency Metrics*
- ☐ Steps For Ensuring Success
- ☒ **Strategic Planning and Performance-Based Budgeting**

Accomplishments

Strategic Planning and Performance-Based Budgeting System

- A common structure has been developed for agency strategic plans and budget requests:
 - Services performed by state agencies catalogued (2004-2005)
 - New budgeting and service area structure implemented (2006)
- State agencies have developed strategic plans in a uniform format:
 - New strategic planning model includes both agency strategic plans and service area strategic plans (2005)
 - State agencies provided training and technical assistance on new model (2005)
 - Separate agency plans (Information Technology, Capital Outlay, Workforce) are consolidated within the strategic plan and are on the same reporting schedule (2005)
 - Strategic plans are linked to state budget through service areas

Accomplishments (cont'd)

Strategic Planning and Performance-Based Budgeting System

- The 2006-2008 biennial budget (budget bill and budget document) was presented in a new format:
 - Budget bill identified resources by state agency and service area (2005)
 - Budget document explained budget recommendations by state agency and service area and identified performance measures for service areas (2005)
- State agencies have now established key objectives and performance measures to focus and improve performance management (2006)

Current Efforts

Strategic Planning and Performance-Based Budgeting System

- New *Virginia Performs* system (October 31, 2006).
- Agencies begin to access web-based performance measure reporting system and submit revised strategic plans based on final state budget (October 31, 2006).
- Agencies report current data on key performance measures and service area measures (mid-November 2006).
- Agencies enter historical data on all performance measures (end of November 2006).
- Governor's 2007 budget recommendations are released. Budget document provides information on key agency objectives and performance measures. The website will include current data on service area measures (December 15, 2006).

Next Steps

Strategic Planning and Performance-Based Budgeting System

- Key agency performance measures are stated in the affirmative and constitute a performance agenda for state government.
 - Example for the Department of Environmental Quality:
 - Objective: We will improve and protect water quality, especially in the Chesapeake Bay and its tidal rivers
 - Measure: We will reduce the annual number of pounds of nitrogen nutrients discharged from significant point sources in the Chesapeake Bay watershed.
- Key agency objectives and measures will be linked to relevant service area objectives and measures to focus efforts toward accomplishing key objectives.
- Key agency objectives and measures will also be linked to long-term, statewide (COVF) goals to obtain desired societal results.

Next Steps (cont'd)

Strategic Planning and Performance-Based Budgeting System

- The relationship between societal-based indicators, state agency key objectives and measures and service area performance measures may vary:
 - A direct link among all three levels
 - An apparent link between two of the three levels
 - No apparent link

Example of Direct Link Between Societal-Based Indicators, State Agency Key Objectives and Measures and Service Area Performance Measures

<u>Level</u>	<u>Goals/Objectives/Indicators</u>
Statewide:	
Desired Societal Result	Protect, conserve and wisely develop our natural, historical and cultural resources
Societal-Based Indicator	Water Quality
Department of Environmental Quality:	
- Agency Key Objective	Improve and protect water quality, especially in the Chesapeake Bay and its tidal rivers.
- Agency Key Performance Measure	We will reduce the annual number of pounds of nitrogen nutrients discharged from significant point sources in the Chesapeake Bay watershed.
Water Quality Improvement Fund Service Area:	
- Service Area Objective	Improve and protect water quality, especially in the Chesapeake Bay and its tidal rivers
- Service Area Performance Measure	Number of pounds of nitrogen nutrients discharged from significant point sources

Next Steps (Cont'd)

Strategic Planning and Performance-Based Budgeting System

- The relationship between societal-based indicators, state agency key objectives and measures and service area performance measures form a basis to concentrate research and evaluation efforts:
 - Service areas that have no apparent relationship to either state agency key objectives and measures (state government performance) or societal-based indicators (long-term, statewide goals) are a place to start:
 - What do they do?
 - Why do they do it?
 - How well do they do it?
 - Related service area performance measures and state agency key performance measures may move in tandem or they may move in the opposite direction (linkage or measurement issues?)
 - Trends in state agency key performance measures may or may not significantly affect societal-based indicators depending on the influence of state government on desired societal result

Keys For Future Progress

Strategic Planning and Performance-Based Budgeting System

- Continue to train and improve (enhance abilities in strategic planning and performance measurement)
- Concentrate efforts and streamline reporting (some services are results-oriented investments and are more important to measure than others)
- Tie agency planning efforts to state goals (be really strategic in approach)
- Discover what works and why (do not just record performance, evaluate it!)
- Create new enterprises for desired results (look outside agency silos)
- Promote consistency and desired behavior (recognize progress and results; reward performance)